

REMARKS/ARGUMENTS

By this paper, Applicant replies to the Examiner's paper of October 30, 2008 and respectfully requests reconsideration of the application.

The statement of the Restriction Requirement is flawed in so many respects that (a) it is too procedurally flawed to raise any requirement, (b) Applicant is unable to make an informed or binding election based on the incomplete statement of basis for the requirement, and (c) the PTO failed to follow the procedures required by the Administrative Procedure Act, the Paperwork Reduction Act, and various orders to agencies from the Executive Office of the President. Because the Examiner's paper violates a number of MPEP provisions and the PTO violated several laws, Applicant is under no obligation to elect, and declines to do so. All claims remain under examination.

I. The Examiner's Paper Uses Unauthorized Examiner-Improvised Language

Under basic principles of principal-agent law, the Examiner acted outside the delegation of authority to her by her principal, the Director and the PTO. Therefore the October 2008 paper does not carry the authority of the Director or PTO, and is void.

A. The October 2008 Examiner's Paper Omits Essential Components of the Required Form Paragraphs

All restriction requirements must include one of Form Paragraphs 8.21.01 through 8.21.03. For the Examiner's convenience, Form Paragraphs 8.21.01 through 8.21.03 are set forth here. None appear in the October 2008 Examiner's paper. Therefore, the October 2008 Examiner's paper is incomplete, and no election is required.

¶ 8.21.01 Conclusion to All Restriction Requirements: Different Classification

Because these inventions are independent or distinct for the reasons given above and there would be a serious burden on the examiner if restriction is not required because the inventions have acquired a separate status in the art in view of their different classification, restriction for examination purposes as indicated is proper.

¶ 8.21.02 Conclusion to All Restriction Requirements: Recognized Divergent Subject Matter

Because these inventions are independent or distinct for the reasons given above and there would be a serious burden on the examiner if restriction is not required because the inventions have acquired a separate status in the art due to their recognized divergent subject matter, restriction for examination purposes as indicated is proper.

¶ 8.21.03 Conclusion to All Restriction Requirements: Different Search

Because these inventions are independent or distinct for the reasons given above and there would be a serious burden on the examiner if restriction is not required because the inventions require a different field of search (see MPEP § 808.02), restriction for examination purposes as indicated is proper.

B. The Examiner Illegally Improvises a New Ground for Requiring Restriction

The October 2008 Examiner's paper asserts as follows:

Restriction for examination purposes as indicated is proper because all these inventions listed in this action are independent or distinct for the reasons given above and there would be a serious search and examination burden if restriction were not required because one or more of the following reasons apply:

- (d) the prior art applicable to one invention would not likely be applicable to another invention;
- (e) the inventions are likely to raise different non-prior art issues under 35 U.S.C. 101 and/or 35 U.S.C. 112, first paragraph.

The Examiner's paper is wrong. MPEP § 808.02 reinforces the requirement to use one of form paragraphs 8.21.01-8.21.03, that there are only three ways to show "serious burden," and (d) and (e) are not on the MPEP-approved list:

[T]he examiner, in order to establish reasons for insisting upon restriction, must explain why there would be a serious burden on the examiner if restriction is not required. Thus the examiner must show by appropriate explanation one of the following:

(A) **Separate classification thereof:**

(B) **A separate status in the art when they are classifiable together:**

(C) **A different field of search:** ...

If Applicant has missed the provision of the MPEP that authorizes an examiner to restrict based on “prior art applicable to one invention would not likely be applicable to another” or “35 U.S.C. 101 and/or 35 U.S.C. 112” grounds, Applicant apologizes, but Applicant has diligently searched the two most recent versions of the MPEP on the PTO web site, and all other examiner memoranda that appear on the web site after the date of the latest revision, and none authorize (d) or (e) as a ground for restriction. If this is not something fabricated out of whole cloth, Applicant requests (a) a copy of the document that authorizes examiners to ignore MPEP § 808.02 and coin new grounds for restriction, (b) identification of where this document is published, and (c) identification of the Federal Register notice that the PTO was required to publish (5 U.S.C. §§ 552(a)(1), 553(d)) before it may modify the restriction standards set forth in the MPEP.

Prosecution can only advance efficiently when Applicant and Examiner work from a common set of rules that are known to both sides, with predictable expectations of each other. When an examiner invents new rules for restriction that have no basis in any published document, only chaos can result.

C. The Examiner's Paper Omits Several Required Showings

Form paragraph 8.16, the form paragraph used in the Examiner's paper, requires a showing of “do not overlap in scope” and “are not obvious variants.” These two showings are absent. An incomplete Examiner's paper requires no election.

MPEP § 803(I)(B), § 803(II) ¶ 4, and § 806.01 requires “Examiners must provide reasons and/or examples to support conclusions” of “unduly extensive and burdensome search,” using one of three tests, “appropriate explanation of separate classification, or separate status in the art, or a different field of search.” Further, 5 U.S.C. § 555(e), the provision of the Administrative Procedure Act that governs written decisions of all agencies, also requires the PTO to identify both the legal basis on which it acts, and the facts that support the PTO's conclusions.¹ The

¹ *Dunlop v. Bachowski*, 421 U.S. 560, 571 (1975) (“When action is taken by (the Secretary) it must be such as to enable a reviewing Court to determine with some measure of confidence whether or not the discretion, which still remains in the Secretary, has been exercised in a manner that is neither

Examiner's paper merely lists five possible grounds (two of which are illegal, as discussed above), and invites Applicant to read the Examiner's mind to determine which of the five might apply, and what facts might support that ground. No agency can do this. The burden is always on the PTO to identify the grounds on which it imposes a requirement, and to give some explanation for its action.

Under basic administrative procedure principles, the October 2008 Examiner's paper fails to set forth a restriction in sufficient detail to require any election.

II. The PTO Lacks Authority Under the Paperwork Reduction Act and Administrative Procedure Acts To Enforce the Examiner's Improvised Amended Rules

A. The PTO Has Not Sought or Obtained Necessary Clearance for the Grounds of Restriction Set Forth in the Examiner's Paper

Like all rules of all federal agencies, PTO rules that require submissions from applicants, whether stated in 37 C.F.R. or in informal documents like the MPEP, require approval from the White House Office of Management and Budget under the Paperwork Reduction Act before the PTO may enforce them. 44 U.S.C. § 3507 ("An agency shall not conduct or sponsor the collection of information unless in advance of the adoption or revision ... the agency has...") followed the steps for obtaining White House approval); § 3512 ("Notwithstanding any other

arbitrary nor capricious. . . . (It) is necessary for (him) to delineate and make explicit the basis upon which discretionary action is taken. . . . Moreover, a statement of reasons serves purposes other than judicial review. . . . [A] 'reasons' requirement promotes thought by the Secretary and compels him to cover the relevant points and eschew irrelevancies, and . . . the need to assure careful administrative consideration 'would be relevant even if the Secretary's decision were unreviewable.'"); *American Bioscience Inc v. Thompson*, 269 F.3d 1077, 1084–85 (D.C. Cir. 2001) (agency vacated because agency's statement of reasons was "sadly inadequate"); *Tourus Records Inc v. Drug Enforcement Admin.*, 259 F.3d 731, 737 (D.C. Cir. 2001) ("At a minimum, [the arbitrary and capricious] standard requires the agency to 'examine the relevant data and articulate a satisfactory explanation for its action including a rational connection between the facts found and the choice made,'" *quoting Motor Vehicle Manufacturers' Ass'n. of the United States Inc. v. State Farm Mutual Automobile Insurance Co.*, 463 U.S. 29, 42 (1983), quotations omitted); *Harborlite Corp v. Interstate Commerce Comm'n*, 613 F.2d 1088, 1092 (D.C. Cir. 1979) ("One basic procedural safeguard requires the administrative adjudicator, by written opinion, to state findings of fact and reasons that support its decision. These findings and reasons must be sufficient to reflect a considered response to the evidence and contentions of the losing party and to allow for a thoughtful judicial review if one is sought.").

provision of law, no person shall be subject to any penalty..." under any agency rule that does not have White House approval).

The PTO has neither sought nor obtained White House approval for the revisions to restriction practice reflected in the Examiner's paper, or for any other revisions to restriction practice, since at least June 2006. The PTO's most-recent request for approval under the Paperwork Reduction Act, covering all "patent processing" activities between initial filing and issue,² was filed with the Office of Management and Budget on September 26, 2007.³ The September 26, 2007 filing^{2,3} is "not associated with rulemaking," and the PTO's other filings for "patent processing" since June 2006 have all been designated "no material change." The PTO's most recent Federal Register Notice on restriction practice, 72 Fed.Reg. 44992, 44999 (Aug. 10, 2007) stated that the PTO was not seeking OMB approval under the Paperwork Reduction Act for any revisions to restriction practice. Thus, the PTO has not sought – let alone obtained – White House Paperwork approval for any revision of restriction practice for several years. Because the restriction "rules" set forth in the Examiner's paper differ from any that the PTO may have authority to enforce, the entirety of the October 2008 paper is unenforceable.

Further, no OMB control number is "displayed" on the Examiner's papers in the manner required by the Paperwork Reduction Act. For a second reason, the PTO may not enforce the restriction requirement set forth in the October 30, 2008 paper.

In such situations, the Paperwork Reduction Act provides as follows:

44 U.S.C. § 3512 Public protection

(a) Notwithstanding any other provision of law, no person shall be subject to any penalty for failing to comply with a collection of information that is subject to this subchapter if –

(1) the collection of information does not display a valid control number assigned by the Director in accordance with this subchapter; or

(2) the agency fails to inform the person who is to respond to the collection of information that such person is not required to respond to the collection of information unless it displays a valid control number.

² <http://www.reginfo.gov/public/do/PRAOMBHistory?ombControlNumber=0651-0031>

³ http://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=200707-0651-005

(b) The protection provided by this section may be raised in the form of a complete defense, bar, or otherwise at any time during the agency administrative process or judicial action applicable thereto.

The PTO neglected to take the steps it was required to take if it wishes to enforce restriction requirements. By statute, no election is required, and the PTO is not permitted to penalize an applicant for failure to elect.

If any restriction is raised in the future, applicant requests

- The OMB “valid control number” applicable to restriction requirements.
- The OMB ICR submission number in which that control number was applied for.
- An indication where that control number is “displayed” in the manner required by statute.
- Where the PTO informed the public that it is not required to respond to restriction requirements unless the requirement displays a valid control number.

The statute provides that if any one of these four questions is not answered, the PTO cannot enforce restriction requirements. Applicant's attorney has diligently sought for any indication that the PTO ever even attempted to take the steps it was required to take if it wishes to enforce restriction requirements. No indication has been found. Unless the PTO can provide answers to all four of the above questions, all restriction requirements must be withdrawn.

B. Amendments to Restriction Practice Are Unenforceable Under the Administrative Procedure Act

The Administrative Procedure Act requires that all rules be published, and that the public be given notice of the existence of the rule by notice in the Federal Register. 5 U.S.C. §§ 552(a)(1), 553(d). These provisions apply to all “rules,” whether those “rules” are embodied as formal regulations, or as informal rules in documents such as the MPEP. Further, “the USPTO must engage in notice and comment rule making when promulgating rules it is otherwise empowered to make.” *Taft v. Dudas*, 541 F.Supp.2d 805, 812, 86 USPQ2d 1623, 1628 (E.D. Va. 2008).

Applicant's attorney has searched the Federal Register for any recent notice of an amendment to restriction practice. There is none.

If the Examiner believes that any restriction requirement may be based on “different non-prior art issues under 35 U.S.C. 101 and/or 35 U.S.C. 112, first paragraph” or any test other than the three enumerated in MPEP § 808.02, applicant requests a citation to the Federal Register notice that gave the public notice of this change.

Unless there is such a notice, the rules stated in the Examiner's paper are unenforceable.

III. On the Facts as the Examiner Admits Them to Be, Restriction is Impermissible

MPEP § 808.02 reads as follows:

Where, however, the classification is the same and the field of search is the same and there is no clear indication of separate future classification and field of search, no reasons exist for dividing among independent or related inventions.

The Examiner's paper concedes that all groups are “related” (paragraphs 2-29). The Examiner's paper also correctly observes that all groups are properly searched in the same search class, 705/37 (paragraph 1). No reasons exist for dividing among these inventions.

IV. Authorization for Email Communication and Conclusion

If the PTO corrects the above defects and issues a proper restriction requirement (and explains its new departure from the search classification used in at least two actions so far), Applicant will elect. But until the PTO acts within the law, Applicant has no obligation to surrender substantial property rights.

Applicant hereby authorizes the USPTO to communicate with any authorized representative concerning this application by electronic mail.

Applicant requests that the application be passed to issue in due course. The Examiner is urged to telephone Applicant's undersigned counsel at the number noted below if it will advance the prosecution of this application, or with any suggestion to resolve any condition that would impede allowance. In the event that any extension of time is required to reply to a paper that was issued without PTO authorization, Applicant petitions for that extension of time required to make

this reply timely. Kindly charge any additional fee, or credit any surplus, to Deposit Account No. 50-3938, Order No. 03-6171.

Respectfully submitted,
BGC PARTNERS, INC.

Dated: March 2, 2009

By: /David E. Boundy/
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